



**BRIEFING: FEBRUARY 11, 2014 BOARD MEETING AGENDA ITEM #5**

**TO: Chairman Richard and Board Members**

**FROM: Jeff Morales, Chief Executive Officer**

**DATE: February 11, 2014**

**RE: Presentation of the Draft 2014 Business Plan**

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**Background**

The California High-Speed Rail Authority is required by Public Utilities Code Section 185033 to prepare, publish, adopt, and submit an updated Business Plan to the Legislature on May 1, 2014. Statute also dictates that, at least 60 days prior to submittal to the Legislature, the Authority must publish a draft Business Plan for public review and comment. Staff has prepared a Draft 2014 Business Plan to present to the Board and release for public comment in order to meet the May 1 deadline.

**Discussion**

In November 2011 the Authority released a Draft 2012 Business Plan. After an extended public comment period, the Authority made a number of changes to the plan and in April 2012 released a Revised 2012 Business Plan. This Plan included a new phased and blended implementation strategy, which reduced capital costs, lessened impacts on communities, and laid out a strategy for a modernized statewide rail network designed to deliver immediate benefits associated with more connected and efficient rail networks. The 2012 Business Plan ultimately served as the basis for the Legislature's appropriation for the high-speed rail program contained in the Budget Act of 2013 (SB 1029).

The Draft 2014 Business Plan builds on and updates the 2012 Business Plan while addressing the new requirements established in the SB 1029. The Draft Plan includes a report on progress made with implementing the statewide rail modernization program, in collaboration with federal, state, regional, and local partners, over the last two years while highlighting the milestones that lie ahead.

The Draft Plan includes updated cost estimates as well as ridership and revenue forecasts – all of which have been informed by and improved upon through rigorous scrutiny and review by a range of external experts. These new forecasts serve as the basis for an updated financial analysis, which continues to show that the program is financially viable and, in turn, confirms that the private sector will regard this as an attractive investment.

Following the recommendations offered by the Legislative Peer Review Group and the United States Government Accountability Office (GAO), the Authority applied an analytic technique designed to quantify and better understand the risks associated with its forecasts, which is described in the Draft 2014 Business Plan. An updated analysis of the economic impacts of the system, informed by GAO recommendations, has also been incorporated. Lastly, the summary of potential risks and the processes the Authority uses to monitor, mitigate, and manage those risks has been updated and is presented in the Draft Plan.

Staff will proceed to solicit and document comments on the Draft 2014 Business Plan from stakeholders, other governmental agencies, and the public. This will include taking comments at the Authority's February, March and April Board meetings. The public will also be able to submit comments [by mail] and through the Authority's website. All comments received will be summarized for the Board. These comments will inform the final 2014 Business Plan, which is scheduled to be adopted by the Board at its April meeting. The Business Plan would then be revised and submitted to the Legislature by May 1, 2014.

### **Recommendations**

This item is informational only; staff does not recommend any Board action at this time.

### **Attachments**

– Draft 2014 Business Plan [to be made available February 7, 2014]